



Substitute Senate Bill No. 1213

Public Act No. 07-191

***AN ACT CONCERNING THE FINANCIAL SECURITY
REQUIREMENT FOR PREFERRED PROVIDER NETWORKS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (i) of section 38a-479aa of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(i) Each preferred provider network shall maintain or arrange for a letter of credit, bond, surety, reinsurance, reserve or other financial security acceptable to the commissioner for the exclusive use of paying any outstanding amounts owed participating providers in the event of insolvency or nonpayment except that any remaining security may be used for the purpose of reimbursing managed care organizations in accordance with subsection (b) of section 38a-479bb. Such outstanding amount shall be at least an amount equal to the greater of (1) an amount [calculated] sufficient to make payments to participating providers for two months determined on the basis of the two [quarters] months within the past year with the greatest amounts owed by the preferred provider network to participating providers, (2) the actual outstanding amount owed by the preferred provider network to participating providers, or (3) another amount determined by the commissioner. Such amount may be credited against the

Substitute Senate Bill No. 1213

preferred provider network's minimum net worth requirements set forth in subsection (h) of this section. The commissioner shall review such security amount and calculation on a quarterly basis.

Approved July 10, 2007